Imagine the Possibilities

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Imagine

ORCO PROPERTY GROUP
Updated Safeguard Business Plan

December 2011

success and imagination
since 1991

ORCO PROPERTY GROUP

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Business Plan - Assumptions

OPG's updated Sauvegarde Business Plan is structured into three main phases

PHASE I: 2011-2014

- Full equitisation of OG Bonds assumed
- Disposal of mature and non-core assets
- Completion of current commercial and residential development projects and improvement of performance metrics of non-mature assets (e.g. increasing occupancy rates, leases management)
- Available cash to be invested in :
  - The development of existing land bank plots (mainly residential)
  - The increase of investment properties portfolio with focus on weakly performing assets with upside potential
  - One entire investment cycle in the Business Plan comprises of a 2-3 year long acquisition period, 3-4 years of active asset management with the goal to improve overall performance and the final disposal process to redeploy capital in 2-3 years
- Opportunistic value-creating buy-out of existing partners is envisaged for selected assets

PHASE II: 2015-2017

- Consecutive reduction of acquisition of investment properties, focus on asset management of acquisitions in phase I
- Sale of mature assets within the Endurance Fund portfolio, select assets to be acquired for own investment properties portfolio
- Ongoing sales of stock and investment in land bank and the redevelopment of buildings over shorter cycles of 3-4 years
- Focus on the authorisation and planning process for Bubny and first works on infrastructure and phasing-in of residential and office development; land development spread over 15 years with major cash flows over the last five years of the cycle

PHASE III: 2018-2020

- Further realisation of improved performance of existing asset stock
- Sale of an increasing portion of the mature assets acquired in phase II
- Residential and commercial developments with same succession of 3-4 years phase of investment-development-sale as the previous phase
- Bubny reaches its full potential with the combined effect of :
  - Investments of the previous cycles that created the offer for 2018-2020
  - Continued investments in office, retail and residential land development projects either directly through joint ventures

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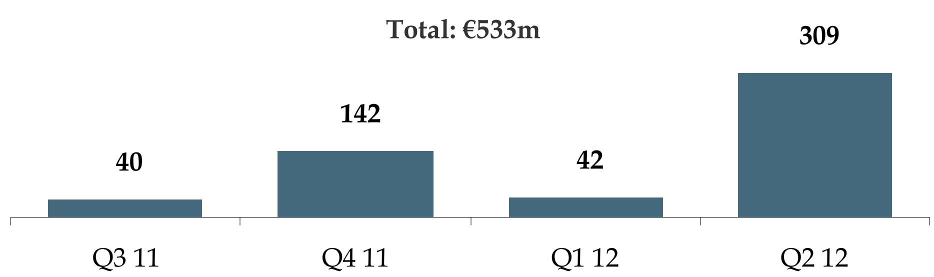
Business Plan – Financing and Guarantees

Financing	▪ GSG: Ongoing discussions on refinancing of RBS loan of €300m. Reduced lender appetite likely to result in a potential refinancing gap of €25m to €75m, however several lenders remain interested. Due to the divergent interests of the lenders approached, it has been decided to divide the assets into three subportfolios to be financed by different groups of lenders: Portfolio 1 with GAV of €257m, Portfolio 2 with of GAV €149m and Portfolio 3 with GAV of €43m. ▪ Zlota 44: construction partially funded through constructor loan (accounting for 10% of total construction costs; scheduled to increase to 15% in 2012). ▪ Other existing financings are assumed to be totally or partially refinanced when becoming due if the underlying asset is not sold.

Guarantees	▪ In the Safeguard Plan, OPG guarantees for c. €241m of loans to the OPG's asset SPVs have been accepted. Some of those guarantees only cover interests on loans, but not the loan principal. All of guarantees loans benefit from asset pledges which also serve to cover loan principal and interest.
	▪ Out of these guaranteed loans, c. €70m are currently in breach:
	  ▪ Suncani Hvar with loans in breach of c. €57m, whereas the accepted guarantee is capped at €4.5m; the banks are currently in discussion with the Orco and the guarantee has not been called.
	  ▪ As of today, one guarantee has been called on a loan of c. €13m. By exercising their guarantee, the lenders claim has been termed out in accordance with the Safeguard Plan. This guarantee benefits from the Safeguard dividends, representing a materially lower NPV than the initial loan amount.

BANK DEBT MATURITIES as of 30/06/2011 (€m)



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Business Plan - Summary and Key risks

SUMMARY	▪ Recurring cash flows driven by the Group's Asset Management operations ▪ Business Plan aiming at stabilising the Group through an increased rental business platform (new business) that generates recurring income and through the integration of the Endurance Fund portfolio and dynamic asset management ▪ Creation of medium and long-term value through residential and commercial developments ▪ Gradual development of existing land plots and non refurbished buildings over the entire planning period ▪ Sale of mature investment assets at a high proportion of stabilised projects at the beginning and end of the planning period ▪ Additional equity contributions not included in the Business Plan
KEY IMPLEMENTATION RISKS	▪ The timing and pricing on the sale of mature rental and non-core assets are essential to the realisation of the Business Plan ▪ During phase I, from 2011 to 2014 with major cash needs in order to initiate development and value creation strategy ▪ During phase III, from 2018 to 2020 with major cash needs in order to service the increased Safeguard dividends ▪ Achievement of the objectives of phase III is highly dependent on the successful completion of key transactions in phase I including ▪ Assuming an average LTV or LTC at 50% on new development projects and rental investments, the availability of financing to the Group is key ▪ Over the planning period, a variance of 5% in one year revenues and expected selling prices has an impact between (€14m) and (€21m) on the same year cash position at closing. Such discrepancy should be compensated by the sale of a higher proportion of the mature rental assets ▪ The availability of investment opportunities with the required characteristics, even though based on current market conditions, cannot be guaranteed ▪ Margins on developments and capacity to transform rental assets assumed in the new business are based on current market environment but cannot be guaranteed

Updated Sauvegarde Business Plan (€m)

		NAV		Net Cash Flows										
	Category	GAV	Group Share	H2 2011	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	Total
Asset Mngt.	Berlin Asset Management	509.5	154.7	12.1	(13.0)	12.7	16.2	16.8	17.5	18.3	18.9	19.5	20.2	139.3
	CEE Asset Management	341.6	97.2	(13.3)	14.4	1.1	29.6	25.6	7.3	6.8	6.9	7.0	7.2	92.5
	Asset Management	**851.2**	**251.9**	**(1.2)**	**1.4**	**13.8**	**45.8**	**42.4**	**24.9**	**25.0**	**25.8**	**26.5**	**27.4**	**231.8**
Property Dev.	**Land Development**	**219.9**	**174.3**	**2.1**	**10.9**	**3.0**	**2.3**	**(20.2)**	**(21.2)**	**0.4**	**(5.8)**	**15.9**	**71.2**	**58.7**
	Residential Development	**135.9**	**73.8**	**(6.7)**	**23.3**	**37.0**	**47.4**	**3.0**	**(0.2)**	**(0.1)**	**-**	**-**	**-**	**103.6**
	Commercial Development	**138.9**	**40.3**	**(2.3)**	**35.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**33.6**
Other	**Hotels**	**173.0**	**45.7**	**1.7**	**7.8**	**19.7**	**26.8**	**-**	**-**	**-**	**-**	**-**	**-**	**56.0**
	Russian activities	**82.8**	**53.0**	**13.3**	**-**	**39.8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**53.0**
	Other Financial Assets	**57.5**	**57.5**	**7.4**	**(0.3)**	**12.7**	**(1.2)**	**31.3**	**18.6**	**8.7**	**8.6**	**8.7**	**8.9**	**103.5**
	New Business	**-**	**-**	**-**	**-**	**(49.8)**	**(51.0)**	**(9.0)**	**12.7**	**25.0**	**54.8**	**59.4**	**48.8**	**90.8**
Net cash flows	**Total Cash Flow from Projects**	**1,659.2**	**696.5**	**14.2**	**79.0**	**76.1**	**70.2**	**47.4**	**34.7**	**59.1**	**83.4**	**110.5**	**156.3**	**730.9**
	Overhead costs			(14.8)	(24.8)	(18.7)	(18.1)	(18.6)	(19.1)	(19.6)	(19.3)	(19.1)	(18.8)	(190.8)
	Net Cash Flow before Safeguard			**(0.6)**	**54.2**	**57.3**	**52.1**	**28.9**	**15.6**	**39.5**	**64.1**	**91.5**	**137.5**	**540.1**
	Safeguard Payment schedule			-	(22.4)	(22.9)	(33.3)	(25.6)	(25.6)	(51.3)	(71.8)	(102.6)	(189.4)	(544.8)
	Others			-	(2.5)	(1.5)	-	-	-	-	-	-	-	(4.0)
	Net Cash Flow			**(0.6)**	**29.4**	**33.0**	**18.9**	**3.2**	**(10.0)**	**(11.8)**	**(7.7)**	**(11.1)**	**(51.9)**	**(8.7)**
Cash balance	Restricted cash			19.8	15.2	12.2	10.7	7.8	7.8	7.8	7.8	7.8	7.8	
	Available cash			15.4	19.4	51.7	86.2	108.0	111.2	101.2	89.4	81.7	70.6	
	Opening cash balance			**35.2**	**34.6**	**64.0**	**96.9**	**115.8**	**119.1**	**109.0**	**97.2**	**89.6**	**78.4**	
	Variation of restricted cash			(4.6)	(3.0)	(1.5)	(2.9)	-	-	-	-	-	-	
	Variation of available cash			4.0	32.4	34.5	21.8	3.2	(10.0)	(11.8)	(7.7)	(11.1)	(51.9)	
	Closing cash balance			**34.6**	**64.0**	**96.9**	**115.8**	**119.1**	**109.0**	**97.2**	**89.6**	**78.4**	**26.5**	